California Regional Water Quality Control Board
Santa Ana Region

April 26, 2002

ITEM: 19

SUBJECT: Prioritization/Problem-Solving Pilot Project

DISCUSSION:

The Strategic Plan for the State and Regional Boards includes a Key Strategic Project for Prioritization. As part of implementation of that project, a "Prioritization/Problem-Solving Pilot Project" has been developed. This pilot program is based on the problem-solving approach described in the book, *The Regulatory Craft,* by Malcolm Sparrow. The focus of this pilot is the Regional Boards, and each Region will be expected to develop or participate in a problem-solving project in the 2002-03 fiscal year (beginning on July 1, 2002). The attached background paper provides more detail regarding the problem-solving approach and the specifics of the pilot.

Board staff have been working to identify possible candidate projects for this effort. In order to meet the goal of a July 1 start date, we need to select a specific candidate project by early May. At the Board meeting, staff will describe the pilot program in more detail and will review potential candidate projects.

Prioritization/Problem-Solving Pilot
Background Paper for MCC and AEO Meetings
For Environmental, Regulatory, and Programmatic Outcomes

The Strategic Plan includes a Key Strategic Project for Prioritization co-chaired by Harold Singer and Dale Claypoole. A workgroup was formed and has met twice. The group includes Harold Singer, Roger Briggs, Gary Carlton, Kurt Berchtold, Dale Claypoole, Tom Howard, Stan Martinson, Barbara Evoy, Bill Brown, Jim Bennett, John Norton, Nancy Lee and Ken Coulter. The results of the workgroup are summarized below. **Please note that the majority of the effort has been on the establishment of Regional Board prioritization/problem-solving and that will be the focus of discussion at both the February 26, 2002 AEO meeting and the March 5, 2002 MCC meeting.**

Guiding Principles—Why are we prioritizing and what results do we seek?

- Our challenges exceed our resources. We need a process to identify our most critical challenges/workload and better align our limited resources to meet those challenges/workload.
- We need to transition from a "program-driven" organization to a "problem-solving" organization.
- We need a measurable, results-oriented effort that can demonstrate success and provide a balance of short-term and long-term priorities.
- We need to communicate our priorities and our successes in meeting those priorities to the Administration, the Legislature, our staff and external stakeholders. We also need to be able to communicate, if asked, what we will not be able to accomplish.

What are we prioritizing?

Based on the preceding principles, the workgroup agreed that we should focus on the following three themes with an emphasis on short-term implementation by July 2002: 1) statewide priorities, 2) priorities within programs and 3) Region-specific priorities.

- **Statewide Priorities.** For the current year, TMDLs were agreed to as the top priority at the November MCC. A memo from Celeste Cantú confirming that was sent out on November 20, 2001. Statewide priorities for FY 2002/03 will be established through an upcoming MCC meeting. Given the combination of external interest/statewide importance/water quality impact/problem-solving relationship, it is likely that TMDLs will continue to be the statewide priority for 2002/03.
- **Priorities Within Programs.** The Office of Statewide Initiatives (OSI), working with program roundtables, is developing a process to prioritize workload within existing program workplans (for FY 2002/03). The process will be discussed at future AEO and MCC meetings.
- **Region-specific Priorities**. The majority of the workgroup's effort has focused on developing a process for Region-specific priorities that combines flexibility with a pilot effort to implement a new problem-solving approach that cuts across programs. The approach is discussed in more detail below:

What are the expectations for Regional Board Prioritization and Problem-solving?

The workgroup acknowledged that there were a number of shortcomings with our current budget development and prioritization process. Among the problems are that BCPs tend to focus on statewide themes and that resources are "artificially" constrained by focusing on specific programs and processes rather than on environmental problems. Currently there is little or no reward for innovation and the process for "redirection" is lengthy and cumbersome. Finally, we have limited ability to provide quantifiable and measurable results on our efforts.

After considerable discussion, the workgroup settled on a pilot-effort beginning in July 2002 that seeks to provide the Regional Boards with flexibility to identify their own priorities while providing a level of accountability for tracking and reporting. A key objective of this effort is to test our ability to transition from a structured program-specific focus to a more flexible and responsive problem-solving approach. This approach, to be coordinated by OSI, will adapt Malcolm Sparrow's Problem-solving framework outlined in *The Regulatory Craft,* to our own working environment. The key elements of the pilot-effort include:

- Regional Boards will have the flexibility to identify one or more high priority projects but at least one project should target a problem with measurable environmental outcomes in FY 2002/03. Additional long-term projects with more of a "program focus" (i.e. basin planning) may be identified as long as they can be linked with a water quality problem. The State Board will not formally approve the projects but we recommend that the potential projects be shared with appropriate State Board management prior to implementation.
- Regional Boards will have the internal flexibility to redirect up to 5% of their General Fund allocation to the pilot effort [funds may not be redirected from the statewide priority effort (TMDLs)]. At least 50% of the redirected funds must focus on the short-term problem with measurable environmental outcomes. If there are any other restrictions (NPDES?) they will be identified along with additional guidance. The redirected funds may be combined with allocated funds if the project (s) selected are consistent with the purpose of the allocation. Regional Boards should identify what will not be accomplished in those programs from which funds are redirected.
- Documentation of the individual projects and the overall pilot is essential. The workgroup emphasized that documentation should not be complex or burdensome but recognized that it is essential to justify the redirection of resources and to assess the success of the water quality, compliance and programmatic issues chosen for the pilot.
- The goal is to have pilot projects identified for implementation by July 1, 2002. There will be a "kick-off" meeting with Malcolm Sparrow in Sacramento on March 25 to help develop specific guidance for the program.

What is the "problem-solving framework"?

This Problem Solving framework seeks to identify, prioritize, and mitigate problems with quantifiable environmental impacts. With respect to the regional and State water boards, problems are those risks and occurrences that have negative impacts on water quality. Problems may also be related to compliance by a regulated community or related to a programmatic process. However, it is important to identify the link a compliance or programmatic problem has to water quality. Examples include low compliance with self-monitoring that allows discharge

violations to occur without identification and a lack of resources necessary to update Basin Plans to reflect current water quality standards.

The Problem-solving framework is unique in that it was tailored with the legislative mandates and resource constraints of regulatory agencies in mind. It helps such agencies more efficiently focus limited resources, through prioritization, on significant problems. It encourages innovation and collaboration within the agency and with the regulated community and public. It provides a systematic and common approach to prioritization, monitoring progress, sharing successes and lessons learned within the agency.

Problem Solving Pilot Process

The remainder of this background paper will provide a draft process for choosing and evaluating problem solving pilot projects and for evaluating the overall success of the pilot. The pilot will last for one year, from July 1, 2002 to June 30, 2003 but will be evaluated during FY 2002/03 for continuation. Projects that are chosen for the pilot may have a longer duration because water quality issues are complex and changes in water quality manifest themselves over time. However, the pilot project should be expected to demonstrate some quantifiable results within one year. Regions may choose multiple pilot projects as long as at least one project targets and measures environmental outcomes. Other projects may aim to change the behavior of a regulated community or improve a programmatic process in a way that improves water quality. At least half of the redirected General Funds must be applied to the project with the measurable environmental outcomes.

The implementation of the problem-solving pilot will be based on the following six steps of the Problem Solving framework outlined by Dr. Sparrow, as adapted for the regional and State water boards.

Step I: Identify Potential Projects

- The Executive Officer (EO) of each regional board will identify potential pilot projects. Resources that may be helpful in identifying potential pilot projects include Watershed Management Initiative (WMI) chapters, strategic plans, and work plans.
- During the development of the list of potential projects, EOs from neighboring regions may wish to collaborate on shared water quality issues.
- It is recommended that the EO share the list of pilot project(s) with the State Board management as a means to exchange information on water quality issues being addressed and potential supporting resource needs from State Board staff.
- The EO will document the identification of potential projects and the ultimate choice of a pilot project(s) as this information will be used to document the overall pilot.
- It is left to the discretion of the EO how they wish to communicate and coordinate with their individual Board Members and whether to present the pilot project(s) to the Regional Board for approval.

The EO will identify the pilot project(s) based on the following selection criteria. There are twelve criteria, divided into two groups. A potential project must possess every criterion in the first group and most of the criteria in the second group.

Group I

A potential pilot project must have all the following characteristics:

1. The problem is recurrent, clustered, or has concentrated occurrences.
2. The problem will have a measurable outcome(s) after 1 year.
3. It is a water quality problem; or it is a compliance or programmatic process problem.
4. The problem is large enough to matter, but not too big to tackle.
5. Success can be measured.

Group II

A potential pilot project must have a majority of the following characteristics:

1. The payoff for solving the problem would be worth the effort.
2. There is presently a lack of an obvious and effective solution.
3. There is a public expectation that Regional and State boards should address the problem.
4. The problem is solvable where progress is feasible and the challenge is significant.
5. Stakeholders and staff care about the problem.
6. There are opportunities for purposeful partnerships.
7. The project could address problems that cross programs, divisions, or regions.

Step II: Define Problem Statement

The EO identifies a team leader for each pilot project. The team leader in turn assembles a team to tackle the problem. The team will be expected to gather and analyze data to develop a problem statement and establish a baseline against which progress will be measured. As part of defining the problem, the team should include an explanation as to why they believe the problem still exists given past attempts to remedy it. This explanation will become a part of the documentation for the overall pilot.

If the project team discovers the problem is large or complex, it should be disaggregated into smaller parts with one of the parts defined as the pilot such that measurable accomplishments can be expected in one year's time. An integral element of the Problem Solving framework is to disaggregate large problems or aggregate smaller problems into a meaningful scale and not to rush into starting the project until the project team fully understands the problem.

Step III: Determine Performance Measures

Performance measures for pilot projects should be chosen based on available data when possible. Baseline measurements are needed for all measures and they should be linked to the Strategic Plan, WMI, or other documents, as appropriate.

The workgroup concurred on three different types of performance measures for framework. In order of descending importance to problem solving, the performance measure types are those that measure:

1) Environmental outcomes
2) Behavioral outcomes of the regulated community
3) Programmatic activities and outputs

Project teams will endeavor to identify measures that will show quantifiable changes in water quality, behavior in a regulated community that will improve water quality, and programmatic activities and outputs that will have a direct link to improving water quality.

Step IV: Develop Action Plan

In developing the action plan, the project team should identify what has already been tried to remedy the target problem and strive for innovative solutions. The team should confirm that the problem statement, baselines, and performance measures are still appropriate given their understanding of the problem after they have identified an action plan. The action plan should be designed to cause measurable improvements and include provisions for at least a 6 month and 12 month status check between the project team and the EO. These status checks will feed into the assessment of the overall pilot. It is recommended that the project leader review the final action plan with the EO.

Step V: Implement and Monitor

Once the pilot project(s) are under way, the EO will conduct status checks of all pilot projects and report on progress as of December 31, 2002 and June 30, 2003. The EO will provide written answers to the following four questions as a way to document the progress of pilot projects:

1) Is the project to continue and why?
2) Is the level and type of resources devoted to the project appropriate? Explain
3) Does the selection of performance measures need adjustments, improvements, or refinements? Explain
4) Does the action plan need to be amended or adjusted and why?

Written reports will be due to the State Board one month after the status check dates. A contact at the State Board will be responsible for collecting and coordinating the reports. The Prioritization Workgroup or a subset of the Workgroup, and some additional EOs will review the status check reports.

Expenditures will be tracked and reported, but a system to do so is being finalized. More details will be forthcoming.

Step VI: Close Project and Start Long Term Monitoring

For pilot projects that are complete after the first year, long term monitoring should be started. For those projects that are not complete, they should continue. (Resources for monitoring and project continuation will be determined as needed.)

The Prioritization Workgroup or a subset of the Workgroup, and some additional EOs will evaluate the overall pilot. In order to accommodate timing for the Fiscal Year 03/04 budget cycle, the evaluation will likely take place after the 6 month status check. Criteria with which to measure the overall pilot will be developed before July 1, 2002 so that the EOs and project teams will know what they are.

Summary

The purpose of this background paper was to summarize the work completed to date on the problem solving pilot and present a draft process for implementing the pilot. Comments on the process or any portion of this paper are welcomed. If you have any comments or questions related to the information in this paper, please contact Dale Claypoole, Harold Singer, John Norton, or Nancy Lee.